

**Tracking Functional Devolution
By States To Panchayats**

*Indira Rajaraman
and
Darshy Sinha*

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Abstract

The Eleventh Schedule added to the Constitution by the Seventy-third Amendment lists twenty-nine functions devolvable by States to Panchayati Raj Institutions (PRIs). States were free to set the speed and design of their approach to decentralization under the general framework of the Constitutional mandate. Fourteen years on, a quantitative measure is attempted in this paper of the extent to which functional transfers have been achieved through the budgetary transfer of funds, with respect to the fiscal year 2006-07, in four states: Madhya Pradesh, Chhattisgarh, Rajasthan and Orissa. The approach taken here is thus radically different from that in official documents, where functional transfer to PRIs is dealt with in a purely qualitative manner, based on administrative notifications. Without an associated budgetary provision these do not carry any operational significance.

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The authors are respectively RBI Chair Professor and Junior Consultant at the National Institute of Public Finance and Policy, New Delhi 110 067.
Corresponding author: indira_raja@yahoo.com

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Introduction

The Eleventh Schedule added to the Constitution by the Seventy-third Amendment lists twenty-nine functions devolvable by States to PRIs. States were free to set the speed and design of their approach to decentralization under the general framework of the Constitutional mandate. Fourteen years on, a quantitative measure is attempted in this paper of the extent to which functional transfers have been achieved through the budgetary transfer of funds, with respect to the fiscal year 2006-07. A notified functional transfer without an associated budgetary provision does not carry any operational significance. Thus the approach taken in this paper is radically different from that in official documents, such as GOI, 2006, where functional transfer to rural local bodies is dealt with in a purely qualitative manner, based on administrative notifications. The use of Budget Estimates for an ongoing year rather than achieved actuals for some past year is justified on the grounds that it is the most current devolution picture that is of relevance. Further, as a statement of budgetary intent, budget estimates carry validity in and of themselves.

Although the Constitutional Amendments were enacted at the Centre, it is at the level of the state where authority for expenditure assignment and devolution of functions to panchayats is fundamentally vested. No devolution of functions is expected from Centre to states.

This paper tracks functional devolution for four states: Madhya Pradesh, Chhattisgarh,¹ Orissa and Rajasthan.² The exercise also makes abundantly clear why it is that such an exercise has not been attempted so far. Budgets of both Central and state governments are presented and approved by the Parliament or the legislature, in the form of numbered demands for grants, which carry no requirement of uniformity whatever across states in terms of either numbering or purpose. If all flows to PRIs were presented under a dedicated demand head comprehensively covering all fund transfers

to PRIs, this would yield an aggregate estimate of transfer of resources. Unfortunately, this is not practiced by all states.

Each demand lists expenditures under budget heads and sub-heads, which are nationally uniform, at least in principle. In an earlier simpler era, there would have been a one-to-one correspondence between demand, four-digit budget head, and department. For example, the demand for grants for forests would have carried exclusively the four-digit revenue budget head for forests (2406 along with the corresponding capital budget head 4406), and been assigned to the forestry department. This correspondence broke down much before the advent of decentralization. New demands defined by the identity of beneficiaries (special component plans for scheduled castes for example) carried a very wide assortment of budget heads. Even states which do have separate dedicated demands do not comprehensively include all transfers to PRIs and include within these demands expenditures by the state-level panchayati raj department which are not transferred to PRIs. These practices make the unearthing of transfers to PRIs needlessly tedious, so that a quick assessment of the status of functional devolution across all states is not possible.

If demands for grants are visualized as columns in a matrix array with budgetary heads and sub-heads in rows, a separate demand for PRIs carries the further and more important advantage that functional decentralization becomes monitorable as the migration over time of budgetary provisions (in each row of the matrix) from the parent demands (columns) to the demand (column) for PRIs.

Of the twenty-nine functions listed in the Eleventh Schedule, twenty-one are mapped onto the relevant revenue budget head or sub-head, as the case may be. There is a residual miscellany of functions, whose equivalent budget heads are not explored. Some of them, like rural electrification, non-conventional energy sources, or technical and vocational education, will require much greater maturity in PRI governance and capacities before any substantial transfer can take place. Some, like cultural activities, libraries, or maintenance of community assets, are a bit inchoate and difficult to map onto any particular budget head. Finally, markets and fairs were among the functions traditionally performed by panchayats much before the Constitutional Amendments, and are a major entry in revenue receipts rather than in revenue expenditures.

The budget head equivalents of the Eleventh Schedule functions do not constitute devolvable expenditures in their totality. Every budget head has constituents that cannot be devolved to PRIs, certainly at the present stage of their development. Although there is an unavoidably subjective element in the designation of some expenditure in any segment as devolvable, it is nevertheless preferable to interpolate this in measuring the progress made by the state towards devolution of the specified functions. It serves to underline the fact that it is not desirable, and indeed may be seriously counter-productive, if all components of functions listed in the Eleventh Schedule are designated as devolvable. Even with this attempt, the identification of devolvable expenditures is by no means as delimited as it should be in principle. Budget heads make no distinction between rural and urban expenditures, so that the devolvable base in most cases includes expenditures targeted at urban areas as well.

Section 2 of the paper maps twenty-one functions in the Eleventh Schedule onto their equivalent four-digit budget heads, or sub-heads as the case may be. Section 3 of the paper goes into the demand structure in each of the four states for recording fund transfer to panchayats. Section 4 demonstrates the lack of conformity across states even to common budget heads, which do carry a requirement of uniformity. This is demonstrated with respect to three major national schemes, the National Rural Employment Guarantee Scheme (NREGS), Rashtriya Sam Vikas Yojana (RSVY) and Swarnajayanti Gram Swarozgar Yojana (SGSY). Section 5 then uses the budget head equivalents of section 2 to quantify the fund transfer to panchayats for each of 21 functions mapped. In addition to budgetary heads corresponding to specific functions, flows from the state government mandated by the State Finance Commissions, and other grants for specific purposes such as establishment grants, are also quantified in section 5. Aggregating across all expenditure categories within the identified set, an overall rating is possible of the quantitative extent of devolution achieved in the four states, subject to a (hopefully acceptable) margin of error. Section 6 concludes. Annex 1 lists the sub-heads within each four-digit budget category assigned to the devolvable and non-devolvable categories along with some of the devolved functions quantified by sub-functions.

II. Mapping the Eleventh Schedule onto Budget Head Equivalents

Table 1 maps 21 out of the 29 functions in the Eleventh Schedule onto the four-digit revenue budget head which are the major classificatory boundaries for revenue expenditure, and are fortunately uniform in subject coverage across states. Each carries sub-heads (two-digit with three-digit components, or directly three-digit). In some cases, as shown, the Eleventh Schedule function is so finely specified as to map onto only a sub-head, or the sum of a few sub-heads. In other cases, a single function like poverty alleviation can map onto three budget heads, but there are other functions like social forestry, and minor forest produce, which map onto the same budget head. Thus, the 21 functions map (purely coincidentally) onto a total of 21 budget heads for examination. In addition to the budget heads in table 1, individual states have idiosyncratic ways of accounting for their expenditures. These are added on wherever they were discovered, through the process of tracking the fund flow of major national schemes.

Capital expenditures are not examined (with a major exception, dealt with below). There might be episodic capital expenditures directly incurred by state government departments on PRIs, for construction of panchayat buildings and structures for example, under the heads of administration, or public works. But where these funds for capital expenditure are transferred to PRIs, they get recorded in revenue expenditure, since the capital account cannot by definition include grants to PRIs, even where it is intended for capital expenditure. Loans to PRIs if any would get recorded in the capital expenditure of the state, but states have not so far lent funds to PRIs.

III. Mapping Fund Transfer to Panchayats: Dedicated Demands

Most states have a basic dedicated demand for fund transfer to panchayats, which has at its core the four-digit budget head 3604, for assigned revenues to PRIs as shares of either particular taxes or generalized state revenue. These are listed in the first row of table 2. Even here there are exceptions; budget head 3604 may be found under other demands as well (table 9) Rajasthan places these flows not in the demand designated for the purpose (49), but in another for

community development (41). Basic revenue support grants are also to be found in the four-digit budget head 2515, for "Other Rural Development Programmes"

Table 1: Eleventh Schedule Functions and Equivalent Budget Heads

Eleventh schedule		Equivalent budget heads		Constituents	
No.	Description	Four digit heads			
Livelihoods					
1	Agriculture including agricultural extension	2401	Crop husbandry		
2	Land improvement, land consolidation, soil conservation	2402	Soil and water conservation		
3	Minor irrigation, water mgt, watershed development	2702 & 2245	Minor irrigation	01	Drought
4 & 12	Animal husbandry, dairy, poultry Fuel and fodder	2403	Animal husbandry		
5	Fisheries	2405	Fisheries		
6 & 7	Social forestry, farm forestry Minor forest produce	2406	Forestry & wild life	01	Forestry
8 & 9	Small scale industries Khadi, village industries	2851	Village and small industries		
Infrastructure					
11	Drinking water	2215	Water supply and sanitation	01	Water supply
13	Roads, culverts, bridges, ferries, waterways	3054	Roads and bridges	04	District and other roads
Education, health					
17	Education, primary and secondary	2202	General education	01	Elementary education
19	Adult & non-formal education.	2202		04	Adult education
23	Health and sanitation	2210	Medical and public health	03, 04, 06	Rural, public health
Anti-poverty, social welfare					
16	Poverty alleviation programs	2501 & 2515 & 2505	Special programs for rural development Other rural development programs Rural employment		

10	Rural housing	2216	Housing	03	Rural housing
24	Family welfare	2211	Family welfare		
25	Women and child development	2236	Nutrition	02	Distribution of nutrition
26	Social welfare	2235	Social security & welfare	02, 60	Social welfare, other social security programme
27	Welfare of weaker sections, SC/ST	2225	Welfare of SC, ST, OBC	01, 02, 03	Total
Miscellaneous					
14	Rural electrification, electricity distribution				
15	Non-conventional energy sources				
18	Technical training and vocation education				
20	Libraries				
21	Cultural activities				
22	Markets and fairs				
28	Public distribution system				
29	Maintenance of community assets				

Source: The Eleventh Schedule from the Constitution of India; budget categories from Budget Documents 2006-07, and Government of India, 1987.

Notes: 1. The sub-heads of four-digit budget categories are two-digit, with further three-digit components, as in 2215 (water supply) where sub-head 01 is for water supply, and 102 is for rural water supply; or directly three-digit, as in 2851 (village and small scale industries) or 2211 (family welfare). Details of sub-heads are in annex 1.

2. Table 7 will show that one of the major national schemes, which is wholly routed through state government budgets, and also wholly devolved to PRIs, the Rashtriya Sam Vikas Yojana, is accounted for in Orissa not under budget heads 2501 or 2515, as in the other states, but under 3451 (Secretariat Economic Services), subhead 102 (District Planning Machinery). That is included in the figures for Orissa, but not in the other three states.

3. The budget head for Social Welfare (2235), sub-heads 02 and 60 also include women's and child welfare, so that function 25 in the Eleventh Schedule could be additionally seen as mapped onto constituents of this budget head as well, in addition to 2236.

In addition to the basic dedicated demand, three of the four states (all but Rajasthan) have other dedicated demands for PRIs, in which functional fund transfers to PRIs are recorded. The multiplicity of dedicated demands is an unfortunate complication, but retains the essential advantage of separateness and transparency. The inclusion of functional transfers in dedicated demands for grants for PRIs in this manner, running in parallel with the parent demands for grants

down through rows of budgetary heads, yields a matrix array with two advantages. Functional decentralization for each of the twenty-nine functions becomes monitorable as the migration over time of budgetary provisions (in each row of the matrix) from the parent demand (column) to the set of demands (columns) for PRIs. The second advantage is that the sum of dedicated demands for PRIs, and the percent they constitute of total budgeted expenditure, yields an aggregate (albeit very approximate) estimate of transfer of resources.

The list of dedicated demands for grants in the four states under which fund transfer to PRIs is effected in table 2 includes, in addition to demands explicitly for financial assistance to PRIs, those for expenditure on rural development and externally aided plans under which there might be substantial grants-in-aid to PRIs.

Rajasthan is different. Neither the basic demand for PRIs, nor the other demands for rural development include functional transfers of funds to PRIs. Instead, these are incorporated within the parent functional demands under three-digit budget subheads, which specify the panchayat tier receiving the fund (196, 197 and 198 for Zilla, Block and Gram Panchayats respectively). This carries two disadvantages. First, it is impossible to obtain a summary approximation to the aggregate transfer of resources to PRIs from demand heads alone, as is possible for the other three states. Second, the three-digit sub-head under which the transfer took place is not known, in the way possible with a parallel demand, which carries the same budget head structure, and enables an understanding of the function that has been transferred along with the funds. This is a matter of immense importance, since fund transfer to PRIs is merely a concomitant of transfer of functions.

The practice of recording transfers to PRIs under the three-digit budget subheads 196, 197, and 198, is adopted also at the Centre, where it is entirely appropriate. It is not at the Centre that functional decentralization of governance is expected to take place, so a budgetary system for recording fund transfers adopted at the Centre is not suitable at state level, where it is only the pattern of fund transfer that records the associated functional transfer.

The sole provision within the budget head structure for recording funds devolved to PRIs in such a manner that the function transferred is indicated thereby is under the budgetary head for elementary education (2202/01), where subhead 103 is for "Assistance to local bodies for primary education".

Table 2: Dedicated Demands for Grants to PRIs

Type	MP	CH	RJ	OR
Fin assis to 3-tier PRIs	80	80	49	17
Fin assis to 3-tier PRIs for SCs	15	15		
Fin assis to 3-tier PRIs for STs	52	82		
Panchayats	62	30		
Rural development	30	30	50,28	28
Externally aided plans for rural development	59	59		
Community development			41	

Source: Compiled from Budget Documents for 2006-07 of the State Governments of Madhya Pradesh (MP), Chhattisgarh (CH), Rajasthan (RJ) and Orissa (OR).

Notes: 1. The description of each demand corresponds to the nomenclature used in MP and CH. Demand 49 in Rajasthan is titled Local and Panchayat Compensation and Assignment, but flows to PRIs for establishment, and other provisions by the State and National Finance Commissions (Eleventh/Twelfth) are actually included in demand 41, titled Community Development; see also notes to table 5. Demand 50 of Rajasthan is for Rural Employment, and 28 for Special Programs for Rural Development. Demand 17 in Orissa is for the Panchayati Raj Department, and 28 for the Rural Development Department.

2. The demands for expenditure on rural development, and externally aided expenditure on rural development, are not formally designated for devolution of funds to PRIs, but are included in this table because they contain large grant components to PRIs, and in the case of Chhattisgarh demand 30, merge expenditure on PRIs and rural development.

Table 3 illustrates the advantage of having an accounting structure whereby the functional transfer gets identified, with the example of crop husbandry (budget head 2401). This is the first function in the Eleventh Schedule. In Madhya Pradesh, the parallel demand structure makes possible quantification of the degree of devolution for each subfunction. Funds for horticulture and vegetable crops have been the most devolved, with foodgrain and commercial crops second. There is the larger issue of the unsatisfactory classification system into subheads itself.³ In Rajasthan by contrast, since the accounting mechanism merely adds fund transfer to PRIs under additional three-digit subheads 196/197/198, the pattern of transfer by subfunction is not known. All that is known is the total quantum transferred, without the associated functional transfer.

Table 3: Transfer of Funds to PRIs by Function in Crop Husbandry (2401): Madhya Pradesh

2401	Crop husbandry	Not-devolved demands (Rs. Cr)			Devolved demands (Rs. cr)			Percent devolved
		13	41	64	15	52	80	
001	Direction and administration	111.66	10.33					0.00
102	Food grain crops	6.36	3.43	12.02	2.48	1.08	3.53	24.54
103	Seeds	5.97	4.97	4.48		0.45		2.87
105	Manures and fertilizers	0.68						0.00
107	Plant protection	0.07						0.00
108	Commercial crops	20.42	5.79	6.25	2.27	2.39	7.68	27.54
109	Extension and training	10.34						0.00
110	Crop insurance	6.64	9.27	18.68				0.00
113	Agriculture engineering	14.40	0.98	0.75				0.00
119	Horticulture & vegetable crops	0.00	3.24	3.21	2.21	2.56	8.40	67.13
800	Other expenditure	54.52	17.37			1.54	3.55	6.61
	Total	231.06	55.38	45.40	6.96	8.03	23.16	10.31

Source: Budget Documents: 2006-07, Government of Madhya Pradesh.

Notes: The percent devolved in the last column is obtained from the sum of entries in the devolved demand columns, as a percent of the total budgetary provision in the row across all columns. See notes to table 2. In Rajasthan, the entries for budget head 2401 are found under demand 37 (Agriculture), 51 (Special Component Plan for SCs) and 30 (Tribal Area Development). None of these is a demand dedicated to PRIs.

Table 4: Transfer of Funds to PRIs by Function in Village and Small Industries (2851):
Madhya Pradesh

2851	Village & small industries	Not devolved demands (Rs. cr)				Devolved demands (Rs. cr)			Percent devolved
		56	11	41	64	52	80	15	
101	Industrial estates		3						0.00
102	Small scale industries			6.24	8.60				0.00
103	Handloom	7.51	3.14	0.04	0.10			0.03	0.35
104	Handicraft	2.53		1.79	3.66				0.00
105	Khadi	4.99		2.14	1.90				0.00
107	Sericulture industries	10.85		2.29	2.63	0.40	2.34		14.82
108	Powerloom		9.54						0.00
110	Cooperatives	1.26	1.99			0.17	1.67	0.66	43.50
200	Other village industries		16.04						0.00
800	Other expenditure		4.65						0.00
	Total	27.14	38.36	12.50	16.88	0.57	4.01	0.69	5.27

Source: Budget Documents: 2006-07, Government of Madhya Pradesh.

Notes: See notes to table 3.

Table 4 provides another illustration with figures for Madhya Pradesh for village and small industries.⁴ The largest transfers are for co-operatives and sericulture. Handloom, handicraft and khadi industries, surprisingly, have zero or negligible transfer to PRIs. This profile of functional transfer is revealed only because of the accounting structure adopted in Madhya Pradesh.

Table 5: Demands for Fund Transfer to PRIs as a Percent of Total Revenue Expenditure: 2006-07

Type of demand	MP	CH	RJ	OR
Transfers to PRIs:80(MP,CH)/49(RJ)/17(OR)	4.97	5.79	0.00	3.98
Transfers to PRIs: SCs 15(MP,CH)	1.63	0.24		
Transfers to PRIs: STs 52(MP)/82(CH)	2.69	1.48		
Exp on PRIs: 62(MP)	0.23			
Exp on PRIs & RD: 30(CH)		2.37		
Exp on RD: 30(MP)/50,28(RJ)/28(OR)	1.93		0.25	2.93
Ext aided rural dev exp: 59(MP&CH)	0.09	1.67		
Community dev: 41(RJ)			4.35	
Sum	11.54	11.56	4.60	6.91

Source: See source to table 2.

Notes: See table 2 and notes for coverage under each demand. In Rajasthan the demands for PRIs are not comprehensive in their coverage, and therefore do not purport to represent the full measure of transfer to PRIs. Where, as in Rajasthan, these demands include capital expenditures, only the revenue expenditure total has been taken. Demand 50 in Rajasthan is for rural employment.

Table 5 summarises revenue account transfers under the demand heads of table 2, as a percent of total revenue expenditures budgeted in 2006-07, with an unavoidable element of both inclusion and exclusion error. Inclusion error arises as in the case of demand number 62 in Madhya Pradesh, for example, which includes expenditure on panchayat elections, clearly not a transfer to PRIs, or more seriously in the case of Orissa demand number 28, where expenditure of 387 crore on construction of district roads and water supply is not devolved to PRIs. Exclusion error arises because even in Madhya Pradesh, there are grants-in-aid to PRIs, which exist in the small print of parent demands for grants. This initial estimate will be juxtaposed against that obtained from the more detailed examination of functional devolution that follows in the next section.⁵

The function-specific figures from the budget heads onto which each function maps, are taken in turn in the sections that follow.

IV. Budgetary Routes for Some Major National Schemes

Even where, as in Madhya Pradesh and Chhattisgarh, there are separate demands for transfer of funds to PRIs, not all transfers to PRIs take place within these grants. This is illustrated with respect to three major Central rural schemes, designed for full devolution to PRIs.⁶

The National Rural Employment Guarantee Scheme (NREGS), the newest and most ambitious of the employment programmes on offer in two hundred districts, is not intended for full devolution to gram panchayats, since the guidelines specify that they must actually implement only a minimum of fifty percent of the works under the scheme. However, middle and zilla panchayats may implement the remainder, and the funds are transferred in any case to a district-level programme officer who can be the CEO of the zilla panchayat. The NREGS is recorded under the same budget head everywhere except Rajasthan, where it is not even in the revenue account (table 6). The justification for recording NREGS in the capital account in Rajasthan seems to be that the NREGS was the descendant of the earlier National Food for Work Programme, under which both receipts from the Centre and expenditures were recorded in the capital account. These accounting conundrums need to be resolved in a uniform manner across states.

The NREGS is split into several demands in each state. In Madhya Pradesh, all are devolved demands, including those targeted at rural development and at PRIs, but in Chhattisgarh, the funds are devolved through grants-in-aid to PRIs in parent demands for tribals (demand 41) and scheduled castes (demand 64), not through the corresponding demands for transfer to PRIs of funds for tribals (demand 82) or scheduled castes (demand 15). Quite aside from the tedium of assembling the total provision across these separate provisions, there is the larger issue of whether a demand-driven employment programme not intended for demarcation by caste or tribe, should be separately provided for by identity of recipient in state-level demands in this manner.

Table 6: Budgetary Classification of Fund Transfer under the National Rural Employment Guarantee Scheme: 2006-07

Budget head/ (devolved or rural demand)	Rs.cr.	Budget head/(non- devolved or demand)	Rs. cr.	Total Rs.cr.
Madhya Pradesh				
2505				
01(Nat progs)				
702 (JGSY)				
#42 (NREGS)				
/Demand 30	4.0			
/Demand 15	28.0			32.0
Chhattisgarh				
2505/Demand 30		2505		
60 (Other programme)		60 (Other programme)		
101 (NREGS)		101 (NREGS)		
#14 Grant	30.0	#14 Grant		
		/Demand 41	25.0	
		/Demand 64	5.0	
				60.0
Rajasthan				
4515/Demand 50		4515/Demand30		
101 (PR)		796 (ST)		
18 (NREGS)	6.0	08 (NREGS)	10.0	
		4515/Demand51		
		789 (SC)		
		06 (NREGS)	4.0	20.0
Orissa				
2505/Demand17				
01(Nat progs)				
701 (JRY)	53.8			
789(SC)	25.9			
796(ST)	44.8			124.5

Source: Ibid.

Notes: 1. NREGS is targeted nationally at 200 districts. For coverage of budget heads, see table 1, and for demands, table 2. The budgetary provisions can be seen to not fall exclusively under the broad definition of devolved demands as listed in table 2. NREGS provisions in Chhattisgarh fall under demands 41 (tribal area sub plan), and 64 (special component plan for SCs), notwithstanding the parallel set of demands 82 and 15 respectively, intended to cover transfers to PRIs directed at the same set of beneficiaries. Demands 30 and 51 of Rajasthan are for tribal area development and special component plan for SCs. The total budgeted provision for other national rural employment schemes under budget head 2505, excluding NREGS, in Madhya Pradesh is 245.58 crore; in Chhattisgarh 87.5 crore; and in Rajasthan (under budget head 4515 in the capital account), 45 crore. Orissa has no formal budget head for NREGS. The provision is recorded under the head for the Sampoorna Grameen Rozgar Yojana.

3. In Rajasthan, no NREGS provision is made in the revenue account.

The Rashtriya Sam Vikas Yojana (RSVY), a scheme for development of one hundred backward districts; and the Swarnajayanti Gram Swarozgar Yojana (SGSY), a nationwide

scheme for self-employment, are both fully devolved to PRIs. The provision under state budgets for NREGS and SGSY is for the state contribution alone, with the Central contribution flowing directly to PRIs. The RSVY on the other hand is entirely routed through state budgets under Central support for state plans, so that state budgets capture the full fund flow to PRIs under the scheme.

Table 7: Budgetary Classification of Fund Transfer to PRIs Under Rashtriya Sam Vikas Yojana: 2006-07

Budget head (devolved demand)	Rs. cr.	Budget head/(non- devolved demand)	Rs. cr.	Total Rs. cr.
Madhya Pradesh				
2501				
01(IRDP)				
101 (DRDA)				
#42 (RSVY)				
/Demand 15	10.5			
/Demand 80	25.0			
/Demand 52	99.5			135.0
Chhattisgarh				
2515/Demand 30		2515/Demand 41		
102(Com. Dev)		102(Com. Dev)		
#14 (RSVY)	75.0	#14 (RSVY)	75.0	150.0
Rajasthan				
2515/Demand 41				
101(PR)				
01/05 (RSVY)	0.0			
2515/Demand 41				
196(ZP)				
03 (RSVY)	0.0			
		2515/Demand 30		
		196(ZP)		
		06 (Bckwrd ADF)	60.0	60.0
Orissa				
		3451/Demand 16		
		102 (District Plan)		
		0922 (Misc)		
		78006 (RSVY)	75.0	75.0

Source: Ibid.

Notes: 1. The RSVY has been renamed the Backward Area Development Fund from the fiscal year 2006-07.

2. The Orissa budget is for the Backward District Initiative under RSVY. Budget head 3451 is for Secretariat Economic Services. Demand 16 is for Planning and Coordination Department.

3. See notes to table 6.

Table 8: Budgetary Classification of Fund Transfer to PRIs Under the Swarnajayanti Gram Swarozgar Yojana: 2006-07

Budget head/(devolved demand)	Rs. cr.	Budget head/(non-devolved demand)	Rs. cr.	Total Rs. cr.
Madhya Pradesh				
2501		2225/64		
01(IRDP)		01(SC)		
101 (DRDA)		102 (Econ Dev)		
#42 (SGSY)		#42 (Grant)	10.0	
/Demand/15	5.5			
/Demand /80	17.6			
/Demand /52	6.7			39.8
Chhattisgarh				
2501/30		2501		
06(Self emp)		06(Self emp)		
101 (SGSY)		101 (SGSY)		
#14 Grant	10.1	#14 Grant		
		Demand/41	7.7	
		Demand/64	2.4	
		2225/64		
		01(SC)		
		102 (Econ Dev)		
		#14 (Grant)	4.5	24.7
Rajasthan				
2501/28		2501/30		
06(Self emp)		06(Self emp)		
196(ZP)	5.7	196(ZP)	1.0	
		2501/51		
		06(Self emp)		
		196(ZP)	1.6	8.3
Orissa				
2501/17				
01(IRDP)				
001(Dir & admin)	3.1			
789(SC)	5.1			
796(ST)	6.0			
800(Other)	12.0			26.2

Source: Ibid.

Notes: 1. SGSY is intended by the guidelines to reach PRIs.

2. SGSY provisions in Chhattisgarh fall under demands 41 (tribal area sub plan), and 64 (Special Component Plan for SCs), notwithstanding the parallel set of demands 82 and 15 respectively, intended to cover transfers to PRIs directed at the same set of beneficiaries.

3. The Orissa Annual Plan for 2006-07 shows a provision for SGSY of 20 crore, lower than the sum obtained here from the Budget documents.

The RSVY (which has been renamed the Backward Areas Development Fund with effect from 2006-07) is recorded under budget heads 2501 and 2515, even extending to 3451 for Secretariat Economic Services in Orissa, and there is the splintering by demand as well (table 7). The Orissa practice departs seriously from the intent of RSVY, and is what makes the mapping of table 1 not

complete in its depiction of actual practice. The SGSY is splintered in all three states, into multiple budget heads (2501 and 2225) and multiple demands, including parent demands for tribals and scheduled castes (table 8).

From the evidence for these three schemes, a summary percentage of devolved expenditures from devolved demands alone may understate transfers to PRIs. In Rajasthan in particular, where major schemes like NREGS are accounted for under the capital account, devolved expenditures are not contained even within the revenue account.

V. Devolved As A Percent Of Devolvable Expenditures

Devolution percentages have been computed for each budgetary head as a percentage of what is devolvable; the devolvable and non-devolvable components are listed in annex 1. Percentages of devolvable to total expenditure under each budget head are provided alongside, and the product of this with the devolved percentage yields the percent devolved to total expenditure.

In addition to the functions listed in the Eleventh Schedule, there are other funds devolved to PRIs. The basic revenues owed to them under the accepted recommendations of the State Finance Commissions, as revenue shares and establishment and other grants, are recorded under budget head 3604, but also under budget head 2515 (other rural development programmes). These provisions are tabulated in table 9. There is a total lack of uniformity in recording practices once again. In two states, shares of levies are recorded under designated budget heads which indicate the source (such as 102 for stamp duty), but in Rajasthan and Orissa, shares are recorded by destination in terms of panchayat tier. Once again, uniformity in accounting practices would be a great aid to a cross-state understanding of patterns of revenue sharing between states and panchayats.

Aggregating across all these entries the basic revenue transfer from state governments to PRIs, independent of the functional flows addressed in the rest of this chapter, stand at Rs. 56.34 per head in Madhya Pradesh, Rs. 89.88 in Chhattisgarh, Rs. 83.04 in Rajasthan and Rs. 42.78 in Orissa. Thus, Chhattisgarh and

Rajasthan are about at par, and transfer about 60 percent more than Madhya Pradesh and Orissa. These figures exclude the provisions made by the TFC, which are routed through the State Budget. The TFC transfers are listed in the notes to table 9.

Table 9: State Revenue Transfers to PRIs as Mandated by State Finance Commissions

		(Rs. crore)				
		Demand	MP	CH	RJ	OR
3604	Compensation to local bodies and PRIs					
101	Land revenue	49			0.13	
102	Stamp duty	80	15.00	19.00		
108	Profession tax	80	4.30	4.25		
200	Other miscellaneous	80	114.23			
		52	49.54			
		15	49.13			
196	To Zilla Panchayats	17				6.46
197	To Block Panchayats	17				8.04
198	To Gram Panchayats	17				73.94
2515	Other rural development programmes					
001	Direction and admin	17				8.43
101	Panchayati Raj	15	0.87			
		52	0.67			
		80	45.74	138.53		
102	Community dev.	17				46.86
196	To Zilla Panchayats	41			15.80	
197	To Block Panchayats				184.13	
198	To Gram Panchayats				211.93	
Total		279.47	161.78	411.86	143.75	
	Estimated rural population	4.96	1.80	4.96	3.36	
	Per capita	56.34	89.88	83.04	42.78	

Source: Budget documents for the four states, 2006-07.

Notes: The basic demands for fund transfer to PRIs are 80 in Madhya Pradesh and Chhattisgarh, 49 in Rajasthan, and 17 in Orissa; see table 2 and notes for the constituent of each demand. There are in addition the flows mandated by the national Finance Commissions (Eleventh/ Twelfth), which are not included here. The sums so transferred under budget head 2515 are Rs. 328.41 (lower than Rs. 332.6 crore prescribed for Madhya Pradesh in the TFC Report), Rs.123 crore (Chhattisgarh), Rs. 246 crore (Rajasthan demand 41), and Rs. 160.6 crore (Orissa).

The devolvable percentage (table 10) is low where there is large expenditure on departmental infrastructure (as in crop and animal husbandry, fisheries, minor irrigation and water supply) and in a few of the targeted welfare categories. The devolvable percentages are high, where the function maps onto only a sub-head, or a sum of sub-heads, such as medical and public health for example. Comparing across states, they are in general much higher in Chhattisgarh than in Madhya Pradesh, the state of which it was until

2000-01 a part. The reasons could be that the state inherited a lower departmental overhang. Devolvable shares in Rajasthan are more similar to those in Madhya Pradesh, with relatively lower shares in animal husbandry and forestry. In view of the importance of animal husbandry in Rajasthan, the low devolvability is of some concern. Orissa has low percentages in some categories like adult education in which other states are fully devolvable, reflecting the high share of expenditure on departmental administration.

In aggregate, the weighted average of devolvable expenditure as a percent of the total across all functions is remarkably similar, falling in a narrow range of 86 to 91 for the four states. The percentage is this high because it is heavily weighted by the Centrally-driven anti-poverty programmes.

Devolved as a percentage of devolvable expenditures vary very widely across functions (table 11). The highest devolved percentages are of course in the rural employment and other rural programmes, where they are close to 100 percent. These programmes are driven by Central directives on devolution of funds to PRIs, and do not really reflect state moves towards devolution. Between the other classes of functions, devolution of rural and public health is uniformly low across states, as are family welfare and nutrition. The devolution of old age and widows' pensions to PRIs in Madhya Pradesh and Chhattisgarh accounts for the high devolved percentages in one of the two welfare heads. Elementary education shows one-third devolution in Chhattisgarh and Rajasthan but none in the other two.

Elementary education also has grants-in-aid under Sarva Shiksha Abhiyan, and Kasturba Gandhi Gram Vidyalayas for girl children, but the recipients of these grants are either the schools themselves or line outposts of state government departments. Madhya Pradesh devolves more in some livelihood and infrastructure categories, for example minor irrigation, water supply, crop husbandry, and fisheries than in education, health and nutrition programmes.

Table 10: Devolvable Percent of Total Revenue Expenditure by Budget Head: All States (2006-07)

		MP	CH	RJ	OR
Livelihoods					
2401	Crop husbandry	50.52	63.28	59.98	37.52
2402	Soil and water conservation	89.17	96.71	95.16	64.29
2702	Minor irrigation	11.65	71.89	53.62	44.61
2245 (01)	Drought	100.00	100.00	100.00	100.00
2403	Animal husbandry	45.37	63.07	19.61	35.11
2405	Fisheries	66.66	84.14	61.58	69.00
2406 (01)	Forestry	82.97	77.71	44.17	88.80
2851	Village and small industries	82.84	98.10	98.90	77.13
Infrastructure					
2215(01)	Water supply	36.95	73.85	36.28	50.19
3054(04)	District and other roads	100.00	100.00	100.00	100.00
Education, Health					
2202(01)	Elementary education	98.49	96.38	97.43	97.94
2202(04)	Adult education	100.00	100.00	100.00	27.66
2210(03, 04,06)	Rural and public health	96.26	97.94	98.99	89.88
Anti-poverty, social welfare					
2501	Special programs for rural development	100.00	100.00	100.00	100.00
2515	Other rural development programs	94.82	95.66	98.70	94.36
2505	Rural employment	100.00	100.00	100.00	100.00
2216(03)	Rural housing	100.00	100.00	0.00	0.00
2211	Family welfare	62.53	68.43	73.35	70.61
2236(02)	Distribution of nutrition	100.00	100.00	100.00	99.50
2235(02, 60)	Social security and welfare	95.67	96.44	89.68	97.18
2225	Welfare of SC, ST, OBC	95.36	96.94	97.63	99.91
Average across all functions					
	Weighted	89.53	90.89	86.06	88.61

Source: Authors' calculations from Budget Documents: 2006-07, Government of Chhattisgarh, Madhya Pradesh, Orissa and Rajasthan.

Notes: 1. The names of categories correspond to the budget sub-head indicated, where relevant. For details on inclusions within each four-digit major category, see table 1.

2. There is no entry for 2216(03) in Rajasthan and Orissa. The Indira Awaas Yojana is accounted for under 2505 (rural employment).

3. Uniform assignments by budget head and sub-head have been made across states with two exceptions (see annex 1). The exceptions are sub-head 001 (direction and administration) in 2403 (animal husbandry) and 2501 (special programmes for rural development), and sub-head 109 (extension and training) in 2405 (fisheries) in Madhya Pradesh, Chhattisgarh and Orissa.

With the major exceptions of elementary education and fisheries, devolved percentages are much lower in Chhattisgarh than in Madhya Pradesh, or about on par (Chhattisgarh also devolves old age and widows' pensions), while Rajasthan has sharply high

devolution in some categories. For example, soil and water conservation, an important function in a water-scarce state, is highly devolved, at 85.99 percent of the devolvable total. Elementary education is also at around the one-third mark, as in Chhattisgarh. In all other functions, including minor irrigation, drought relief and water supply, the devolved percent is surprisingly low. Rajasthan also does not devolve old age and widows' pensions, unlike Madhya Pradesh and Chhattisgarh.

**Table 11: Devolved as a Devolvable Percent of Revenue
Expenditure by Budget Head: All States (2006-07)**

		MP	CH	RJ	OR
Livelihoods					
2401	Crop husbandry	20.41	1.75	0.09	0.00
2402	Soil & water conservation	0.00	0.00	85.99	0.00
2702	Minor irrigation	56.31	8.54	9.52	0.00
2245 (01)	Drought	0.00	0.00	0.00	0.00
2403	Animal husbandry	10.35	4.09	0.00	0.00
2405	Fisheries	24.70	35.28	26.73	0.00
2406 (01)	Forestry	0.00	0.00	16.76	0.00
2851	Village and small industries	6.35	3.67	0.00	0.00
Infrastructure					
2215 (01)	Water supply	25.48	5.55	7.26	0.00
3054 (04)	District and other roads	0.00	0.00	0.0006	10.42
Education, Health					
2202(01)	Elementary education	12.23	31.45	34.55	0.00
2202(04)	Adult education	0.00	0.00	0.00	4.44
2210 (03, 04,06)	Rural and public health	0.00	1.27	0.00005	0.00
Anti-poverty, social welfare					
2501	Special programs for rural development	86.16	73.53	99.90	100.00
2515	Other rural development programs	94.33	85.72	99.29	100.00
2505	Rural employment	100.00	100.00	100.00	96.50
2216 (03)	Rural housing	100.00	100.00	0.00	0.00
2211	Family welfare	0.00	0.00	0.00	0.00
2236 (02)	Distribution of nutrition	13.38	0.48	0.00005	0.00
2235(02, 60)	Social security and welfare	41.99	41.72	1.25	0.00
2225	Welfare of SC, ST, OBC	24.41	0.89	8.71	0.00
Average across all functions					
	Weighted	29.57	25.30	29.89	10.93
	Unweighted	29.35	23.52	23.34	14.83
Average devolved to total					
	Weighted	26.47	23.00	25.72	9.69

Source: Ibid.

Note: See notes to table 10.

What uniquely distinguishes Orissa is that the percent devolved is at or close to zero, with the exception of the Centrally

funded rural programmes. Even expenditure on fisheries, which shows high devolved percentages in the other three states, are not devolved in Orissa. The devolved percentage in elementary education is zero.

The product of the figures in the two tables will yield the share of devolved to total expenditure in the relevant budget category.⁷

Devolved as a percentage of devolvable expenditure show large differences between states for particular functions. A few of these cases, where some devolution has taken place are quantified by sub-function in annex 1. In aggregate, these differences get averaged out, and the weighted devolved percentages vary within a narrow band of 25 to 30 percent in all states except Orissa, where the weighted average is 11 percent. Because of the high devolvable average across functions, devolved as a percent of total expenditure falls in the range 23 to 26 percent for Madhya Pradesh, Chhattisgarh and Rajasthan, and is at 10 percent for Orissa.

An analysis of variance on the devolved percentages in table 11 does not show any statistical significance for the difference between all four states taken together, although of course it does show differences for pair-wise comparisons of Orissa with each of the other three taken in turn.

Pulling together the consolidated flow from states to PRIs in the four states, table 12 shows the per capita flow in terms of the budgeted release from state budgets in the ongoing budget year 2006-07. The functional flow is obtained by adding on to the 21 listed functions in table 11, the flows from the capital account in Rajasthan for NREGS and other rural employment schemes (table 6), and from other than rural budget heads in Orissa for the RSVY (table 7). These flows include those TFC and other flows from the Centre routed through state budgets. It is not feasible, nor really analytically useful, to separate those out, since the intent here is to capture what flows to PRIs, and not so much to capture the source of funding of these flows.

Adding on the revenue support, in accordance with SFC recommendations, yields a total per capita flow in the range 473 to 484 rupees per capita in Madhya Pradesh and Rajasthan, about thirty percent higher, at Rs. 621 in Chhattisgarh, and lowest of all in Orissa, at 198 rupees per head.

Table 12: Summary of Per Capita Flows from State Governments to PRIs: 2006-07

Rs. per capita	MP	CH	RJ	OR
Functional flows	427.46	531.58	390.26	154.81
Of which TFC	66.2	68.3	49.6	47.8
Rev transfers	56.34	89.88	83.04	42.78
Total to PRIs	483.80	621.46	473.30	197.59

Source: Based on tables 6,7,9 and 11.

Notes: Functional flows add on to the absolute flows under the 21 heads of table 11, the NREGS flows from the capital account in Rajasthan, and RSVY flows from account head 3451 in Orissa.

Finally, table 13 obtains the sum from the detailed extraction of flows to PRIs described in the previous section as a percent of total revenue expenditure budgeted for fiscal year 2006-07. (There is a slight, but unavoidable error, in adding on the capital flows under NREGS in Rajasthan.) These are then juxtaposed against the estimate from the sum of PRI-dedicated demands shown in table 5. It can be seen quite clearly that in Madhya Pradesh and Chhattisgarh, which have separate (albeit multiple) demands for PRIs, the sum of dedicated demands yields a good approximation. However, in Rajasthan, where functional flows to PRIs are not recorded in dedicated demands, clearly they underestimate total flows. In Orissa, the sum of dedicated demands include about 437 crore of expenditures incurred by the state government on rural roads and waterworks, but not actually devolved to PRIs.

Table 13: State Flows to PRIs as a Percent of Total Revenue Expenditure 2006-07

	MP	CH	RJ	OR
	(Rs. crore)			
Total revenue expenditure	22509.97	9597.27	24034.35	15939.88
Total to PRIs	2399.67	1118.62	2347.56	663.90
PRI share in total rev exp (%)	10.66	11.66	9.77	4.17
Sum PRI dds in total rev exp (%)	11.54	11.56	4.60	6.91

Source: See source to table 2.

Notes: See notes to table 12.

VI. Conclusions

A final relative ranking of the four states follows in table 14. This is juxtaposed against the rural poverty headcount percentage for

2004-05. It is clear that Orissa where rural poverty incidence is highest also has the lowest devolution achievement in both per capita and percentage terms. Two caveats immediately follow. First, no casual relationship can be inferred between the two. Second, the relationship is not neatly inverse, since Rajasthan is not at the top of the devolution indicators.

Table 14: Ranking of Four States by Devolution Progress

Per capita revenue transfers (Rs.)	Devolved/ total expenditures on 21 functions (%)	Per capita total transfers (Rs.)	PRI share in total revenue expenditures (%)	Rural poverty headcount 2004-05 (%)
CH:89.88	MP:26.47	CH:621.46	CH:11.66	OR:46.80
RJ :83.04	RJ:25.72	MP:483.80	MP:10.66	CH:40.80
MP:56.34	CH:23.00	RJ:473.30	RJ:9.77	MP:36.90
OR:42.78	OR:9.69	OR:197.59	OR:4.17	RJ:18.70

Source: Tables 11,12 and 13; poverty figures from Government of India, 2007.

The most astonishing feature of decentralization of governance in India has been the complete absence of a uniform accounting system that would render transparent the transfer of functions mandated. This is a major deficiency of the process of decentralization in India. Accounting uniformity was entirely compatible with the freedom rightly granted to state governments to shape the contours and speed of decentralization. Even transfer of state funds to PRIs under some major national schemes like the National Rural Employment Guarantee, the Rashtriya Sam Vikas Yojana, and the Swarnajayanti Gram Swarozgar Yojana, is not uniformly dealt with across states in terms of budget heads, which unlike the grant structure do carry a requirement of uniformity.

The structure of budget heads and sub-heads is nationally uniform, and therefore any departures found in practice constitute a violation of that requirement of uniformity. The structure of demands for grants however is not required to be nationally uniform. Here, the appeal for a common structure is based on the need for monitoring the process of functional transfer over time. In the absence of a nationally uniform grant structure, an assessment of the functional devolution across all states calls for an impossibly detailed examination of the budget of each state.

The first four of the six recommendations that follows are immediately implementable at state level. The last two are possible

only at national level. It will be impossible to quantify the extent of functional devolution over time unless these recommendations are fully implemented.

First, at the state level, all revenues transfers from states to PRIs, under the mandate of State Finance Commissions, along with establishment and salary grants, should be recorded entirely under the head 3604 specified for this purpose (“compensation to local bodies and PRIs”). Rajasthan records these transfers entirely, and Chhattisgarh largely, under the head 2515, which is for “other rural development programmes”, with line entries specifying that these are SFC-mandated flows. Madhya Pradesh and Orissa record them largely under 3604, but also have some bits under the head 2515.

Second, the major state flows to PRIs under Centrally funded schemes need to be recorded in the revenue account, and under uniform (revenue) budget heads. This is not the case at present. With the rural employment schemes, the same budget head 2505 for rural employment programmes is used everywhere except Rajasthan, where they go into 4515, which is capital expenditure for rural development. The justification for this in Rajasthan seems to be that the NREGS was the descendant of the earlier National Food for Work Programme, under which both receipts from the Centre and expenditures were recorded in the capital account. A grant to PRIs recorded in the capital account is in any case technically wrong in an accounting sense. The Rashtriya Sam Vikas Yojana for backward districts is recorded either under 2501 (Special Rural Development Programmes), or 2515 (Other Rural Development Programmes), or even 3451 (Secretariat Economic Services). The Swarnajayanti Gram Swarozgar Yojana for rural self-employment can be found in 2501 or in 2225 (Welfare of Scheduled Castes and Tribes).

Third, although states are perfectly free to structure their demands for grants, it is possible to monitor the progress towards functional devolution only if all fund flows from states to PRIs, whether of the revenue transfer or the functional variety, are assigned to demands uniquely designated for the purpose. This is presently being done, though not comprehensively, in three of the four states. Rajasthan is the exception again. The Rajasthan budget records functional flows to PRIs within the parent functional demands under three-digit budget subheads, specifying the tier receiving the fund (196, 197 and 198 for Zilla, Block and Gram Panchayats respectively). This practice is adopted at the Centre, where it is entirely appropriate, since there is no functional decentralization of governance from Centre to PRIs. It is not suitable at State level,

where functional transfer can be tracked only through the associated pattern of fund transfer. The audited finance accounts also group transfers to PRIs under these three subheads, and so lose the information potentially available from a well-structured grant format.

Even where fund flows to PRIs are placed in separate demands, as in Madhya Pradesh and Chhattisgarh, a few are tucked away as grants-in-aid under general demand heads. These states also have multiple demand heads dedicated for PRIs, reflecting the historical evolution of demands, away from what was initially a purely functional orientation, towards demands for designated caste and other beneficiaries. These practices add an avoidable element of extreme tedium in determining what flows to PRIs from State exchequers.

Fourth, state provisions under the NREGS, a demand-driven programme for all rural households that self-select into it, should not be carved into demand heads for targeted groups like scheduled castes or tribes. By the national objectives, which are to provide employment to self-selecting poor households regardless of caste or tribe, the state contribution should come under general demands for transfer of funds, and not under demands targeted towards special groups.

At the national level, two reforms are needed. First, budgetary heads and sub-heads have to be restructured so as to convey the functional content of each. There is duplication between categories 2501 and 2515, both of which cover rural development programmes. Then, within four-digit heads, such as crop husbandry (2401) for example, there are some input based categories (like 103 for seeds or 105 for manure and fertilizers), and some output based categories (like 102 for foodgrain crops, and 108 for commercial crops). The assignment of expenditure in such an irrational system would necessarily be ad hoc. Again, the catch-all component 001 for direction and administration in this as under other budget heads needs to be subdivided and grouped with other non-salary expenditures for the performance of a particular function so as to enable a more functional understanding. The category 109 for extension and training is an example. Salaries for extension staff are not included under this head, but are grouped with other salaries under 001. These boundaries do not enable an understanding of the different sub-functions within an overall head.

Second at national level, the budgetary structure needs to provide for distinctions between rural and urban expenditures. The devolvable base in most budget heads in the previous section unavoidably includes expenditures targeted at urban areas as well.

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Endnotes

¹ The state was a constituent of Madhya Pradesh prior to November 2000.

² The four-state study was funded by UNDP Project No. IND/03/020.

³ Some three-digit sub-heads are input based (like 103 for seeds, or 105 for manure and fertilizers), and some are output based (like 102 for foodgrain crops, and 108 for commercial crops). The assignment of expenditure between these categories would necessarily be ad hoc.

⁴ In Rajasthan, this budget head is found under demands 30 (Tribal Area Development), 42 (Industries) and 51 (Special Component Plan for Scheduled Castes), none of which is a demand dedicated to PRIs.

⁵ In GOI (2006; Volume II), a sum across demand heads 80, 82 and 15 is obtained for Chhattisgarh alone, of the four states, to quantify fund flows to PRIs.

⁶ This was the process through which budget heads, outside those mapped in table 1, were uncovered.

⁷ The product of the devolved and devolvable percentages in tables 10 and 11 for crop husbandry yields the devolved to total percentage figure of 10.31 shown in table 3.

Annex 1

A: List of Devolvable and Non-Devolvable Sub Heads Within Each Major Head

Of the 29 functions listed in the Eleventh Schedule of the Constitution of India, the 21 considered in this paper have been grouped under four classifications: Livelihoods, Infrastructure, Health & Education, and Anti Poverty & Social Welfare. The following tables present the list of devolvable and non-devolvable components under each major head within the four groups.

In Rajasthan and Orissa transfers to PRIs are recorded under the heads: 196 (assistance to district panchayats); 197 (assistance to block panchayats); 198 (assistance to gram panchayats); 789 (special component plan for SCs); 793 (special central assistance for SCs component plan); 794 (special central assistance for tribal sub plan) and 796 (tribal area sub plan). These heads are devolvable by definition and are therefore not listed against each function.

Livelihood

Crop Husbandry (2401)	
Non-devolvable	Devolvable
001 Direction and administration	102 Food grain crops
104 Agricultural farm	103 Seeds
109 Extension and farmer's training	105 Manures & fertilizers
110 Crop insurance	107 Plant protection
111 Agricultural economics & statistics	108 Commercial crops
113 Agricultural engineering	119 Horticulture and vegetable crops
	800 Other expenditure

Food grain crops (102), seeds (103), manures and fertilisers (105), commercial crops (108), horticulture and vegetable crops (119) and other expenditure (800) fall under the demands dedicated for PRIs in MP and Chhattisgarh. Hence, all of them have been taken as devolvable. Expenditure on direction and administration (001) of state government departments cannot under any budget head immediately be devolved to PRIs. Extension and farmer's training (109), which is designed to transmit knowledge from the laboratory to the field, is again a function which inherently cannot be devolved to PRIs. It is only at state level that an assessment can effectively be made of the technological improvements needed in each of the several agro-climatic zones falling in the state, and of the availability of technology from the laboratories funded by the state or the Centre. Crop

insurance, another critical function, is best performed at national level, so as to enable the largest possible risk pool (there is fortunately an absence of synchronous weather shocks over the different agro-climatic regions of India in most years). Expenditure on the subsidy component, towards the risk premium, needs to be paid by state governments to the national programme rather than downward to panchayats. Other categories designated as non-devolvable call for no special justification.

Soil & Water Conservation (2402)	
Non-devolvable	Devolvable
001 Direction & administration	102 Soil conservation
101 Soil survey & testing	800 Other expenditure
103 Land reclamation & development	
109 Extension & farmer's training	

Soil conservation (102) is taken as devolvable as there is some provision for grants to PRIs under the demand head for relief for natural calamities and drought-prone areas in MP and Chhattisgarh.

Minor Irrigation/Surface Water (2702/01)	
Non-devolvable	Devolvable
800 Other expenditure	101 Water tanks
	102 Lift irrigation schemes

Minor Irrigation/Ground Water (2702/02)	
Non-devolvable	Devolvable
005 Investigation	103 Tubewell

Minor Irrigation/Maintenance (2702/03)	
Non-devolvable	Devolvable
	101 Water tanks
	102 Lift irrigation schemes
	103 Tubewell

Maintenance (03) is not found in MP.

Minor Irrigation/General (2702/80)	
Non-devolvable	Devolvable
001 Direction & administration	
052 Machinery & equipment	
799 Suspense	
800 Other expenditure	

As direction & administration (001) is present only in Orissa, the other States appear to include it in other expenditure (800) in absence of any other provision for that and hence that has been taken as non-devolvable.

Relief on Account of Natural Calamities/Drought (2245/01)	
Non-devolvable	Devolvable
	101 Gratuitous relief
	102 Drinking water supply
	103 Special nutrition
	104 Fodder supply
	105 Veterinary services
	282 Public health
	800 Other expenditure

Other expenditure (800) is not present in MP and Chhattisgarh. It has been taken as devolvable as most of the expenditure in Orissa is on grants.

Animal Husbandry (2403)	
Non-devolvable	Devolvable
001 Direction & administration	101 Veterinary services & animal health
109 Extension & training	102 Cattle & buffalo development
113 Admin. investigation & statistics	103 Poultry development
	104 Sheep & wool development
	105 Piggery development
	106 Other live stock development
	107 Fodder & feed development
	800 Other expenditure

Direction & administration (001) for this category is not uniformly non-devolvable. Where it occurs in the demands targeted for PRIs in MP and Chhattisgarh, those components have been taken as devolvable. Veterinary services and animal health (101) has not been taken as fully devolvable because it includes expenditures on hospitals and other expenses. Only a part of it for control of animal diseases has been taken as devolvable.

Fisheries (2405)	
Non-devolvable	Devolvable
001 Direction & administration	101 Inland fisheries
102 Estuarine/brackish water fisheries	120 Fisheries cooperatives
103 Marine fisheries	800 Other expenditure
105 Processing, preservation & marketing	
109 Extension & training	

Extension & training (109) has been uniformly taken as non-devolvable except where it occurs in PRI-dedicated demands in MP and Chhattisgarh.

Forestry & Wild Life/Forestry (2406/ 01)	
Non-devolvable	Devolvable
001 Direction and administration	101 Forest conservation development and regeneration
003 Education and training	102 Social and farm forestry
004 Research	105 Forest produce
005 Survey and utilisation of forest resources	800 Other expenditure
013 Statistics	
070 Communications and buildings	
109 Extension and training	
111 Departmental working of forest coupes and depots	
203 Timber	
204 Bamboo	
206 Khair	
797 Accounts	

Village and Small Industries (2851)	
Non-devolvable	Devolvable
001 Direction & administration	102 Small scale industries
101 Industrial estates	103 Handloom industries
108 Powerloom industries	104 Handicraft industries
800 Other expenditure	105 Khadi industries
	106 Coir industries
	107 Sericulture industries
	110 Cooperatives
	200 Other village industries

Since direction & administration (001) is not present in MP and Chhattisgarh, it is assumed that other expenditure (800) in both these States is inclusive of (001), and therefore non-devolvable.

Health and Education

General Education/Elementary Education (2202/01)	
Non-devolvable	Devolvable
001 Direction & administration	101 Government primary schools
104 Inspection	102 Assistance to non government primary Schools
107 Teacher's training	103 Assistance to local bodies for primary Education
109 Scholarships and incentives	105 Non formal education
110 Examinations	108 Text books
	800 Other expenditure

Of all the major heads, elementary education poses a serious problem, as it is difficult to distinguish between the urban and rural schools within a particular subhead.

Government primary schools (101), assistance to local bodies for primary education (103) and text books (108) appear in demands targetted for PRIs in Madhya Pradesh and Chhattisgarh. In addition, 101 in MP & Chhattisgarh has grants in aid for Sarva Shiksha Abhiyaan, free uniforms, Kasturba Gandhi Gram Vidyalaya and NPEGEL. Chhattisgarh specifically has shown a provision for mid-day-meal scheme under this category. Demand 103 in Rajasthan has grants in aid for Panchayat Samitis for primary education and for the mid-day-meal scheme. Non formal education (105) in Rajasthan and Orissa has expenditures on Sarva Shiksha Abhiyaan.

General Education/ Adult Education (2202/04)	
Non-devolvable	Devolvable
001 Direction and administration	200 Other adult education programmes 800 Other expenditure

Direction & administration (001) is present only in Orissa. Other expenditure (800) for the other States could not however be categorised as non-devolvable, because it contains devolvable components also. Hence, the devolvable percentage of Orissa is low as compared to other states.

Medical and Public Health/ Rural Health Services-Allopathy (2210/03)	
Non-devolvable	Devolvable
	101 Health sub centres 103 Primary health centre 104 Community health centres 110 Hospitals and dispensaries 800 Other expenditure

Other expenditure (800) is present only in Orissa and Rajasthan, with very small allocations.

Medical and Public Health/ Rural Health Services-Other Systems of Medicine (2210/04)	
Non-devolvable	Devolvable
	101 Ayurveda 102 Homoeopathy 103 Unani

Medical and Public Health/ Public Health (2210/06)	
Non-devolvable	Devolvable
001 Direction & administration	101 Prevention & control of diseases
003 Training	
102 Prevention of food adulteration	
104 Drug control	
107 Public health laboratories	
112 Public health education	
113 Public health publicity	
800 Other expenditure	

Though Medical and Public Health covers the entire rural section separately, public health here also has been taken into consideration because of the two highly devolvable components in it: prevention and control of diseases (101) and tribal area sub plan (796).

Infrastructure

Water Supply and Sanitation/Water Supply (2215/01)	
Non-devolvable	Devolvable
001 Direction and administration	102 Rural water supply programs
003 Training	
005 Survey & investigation	
052 Machinery & equipment	
101 Urban water supply programs	
191 Assistance to urban local bodies	
192 Assistance to urban parishads/ municipalities	
799 Suspense	
800 Other expenditure	

In Madhya Pradesh, two of the demands targetted for PRIs carry only urban components. Rural water supply could not be found anywhere in these demands.

Roads and Bridges/ District and Other Roads (3054/04)	
Non-devolvable	Devolvable
	105 Maintenance
	337 Road works
	800 Other expenditure

Orissa specifically has shown grants under Twelfth Finance Commission award for construction of rural roads in Road Works (337) under the demand for PRI. Chhattisgarh has shown a provision for grants under PMGSY in maintenance (105) in the demand for panchayat and rural development. Although, the allotted amount is to

be devolved to the State rural development agency and not to panchayats, 105 has been taken as devolvable in principle. Other Expenditure (800) is also taken as devolvable as one of the components in Rajasthan has expenditure on repair of rural roads. Orissa and Chhattisgarh do not have this category at all.

Anti Poverty, Social Welfare

Special Programmes for Rural Development/Integrated Rural Development Programme (2501/01)

Non-devolvable	Devolvable
	001 Direction and administration
	101 DRDA
	800 Other expenditure

Integrated rural development programme (01) is totally absent in Chhattisgarh. Direction and administration (001) has been taken as devolvable as it falls under the demands dedicated for PRIs in MP and Orissa. Rajasthan does not have 001.

Special Programmes for Rural Development/ Drought Prone Areas Development Programme (2501/02)

Non-devolvable	Devolvable
	800 Other expenditure

Drought prone area programmes (02) is not found in Rajasthan.

Special Programmes for Rural Development/ Desert Development Programme (2501/03)

Non-devolvable	Devolvable
	800 Other expenditure

Desert development programme (03) is not found in Chhattisgarh and Orissa.

Special Programmes for Rural Development/ Integrated Rural Energy Planning Programme (2501/04)

Non-devolvable	Devolvable
	101 Rural energy planning and design

Integrated Rural Energy Planning Programme (04) is not found in Rajasthan and Orissa.

Special Programmes for Rural Development/ Waste Land
Development Programme (2501/05)

Non-devolvable	Devolvable
101 National wasteland development programme	

Wasteland development programme (05) is not found in MP and Orissa.

Special Programmes for Rural Development/Self
Employment Programme (2501/06)

Non-devolvable	Devolvable
101 SJGSY	
800 Other expenditure	

Self-Employment Programme (06) is present only in Chhattisgarh and Rajasthan. While Swarnajayanti Gram Swarozgar Yojana (SJGSY) exists as a separate three-digit component in Chhattisgarh, in Rajasthan it appears as a part of assistance to district panchayats (196). In MP and Orissa, SJGSY is found in IRDP (01).

Other Rural Development Programmes (2515)

Non-devolvable	Devolvable
001 Direction & administration	101 Panchayati raj
003 Training	102 Community development
800 Other expenditure	

Other expenditure (800) in MP has provision for the mid day meal scheme given as grants-in-aid under this head.

Rural Employment/ National Programmes (2505/01)

Non-devolvable	Devolvable
701/702 *	

*This devolvable item has different names with different three-digit numbers across four States as follows:

Madhya Pradesh (702): Jawahar Gram Sammriddhi Yojana (JGSY)

Chhattisgarh (702): Jawahar Rozgar Yojana (JRY)

Orissa (701): Jawahar Rozgar Yojana (JRY)

Rajasthan (701): National Rural Employment Programme (NREP)

Rural Employment/Other Programmes (2505/60)	
Non-devolvable	Devolvable
101 NREGA	

This minor head is present only in Chhattisgarh with NREGS as a separate three-digit subhead. While in MP, NREGS came under National Programme (01) as grant-in-aid under the Jawahar Gram Sammriddhi Yojana (702), it was totally absent in Orissa. Rajasthan shows this provision under capital outlay on other rural development programmes (4515).

Housing/Rural Housing (2216/03)	
Not-devolvable	Devolvable
102 Provision of house site to the landless	

Orissa and Rajasthan have no provision for rural housing (03) even in the demand for rural development. The devolved and devolvable percentages, therefore, in both the States are zero.

Family Welfare (2211)	
Non-devolvable	Devolvable
001 Direction & administration	101 Rural family welfare services
003 Training	103 Maternity and child health
004 Research and evaluation	
102 Urban family welfare services	
104 Transport	
105 Compensation	
106 Mass education	
200 Other services and supplies	
800 Other expenditure	

Tribal area sub plan (796) in Orissa has some urban component also.

Nutrition/Distribution of Nutritious Food and Beverages (2236/02)	
Non-devolvable	Devolvable
001 Direction & administration	101 Special nutrition programme
	102 Mid day meals

Mid day meals (102) is present as a separate three-digit subhead in Orissa only.

Social Security and Welfare/Social Welfare(2235/02)	
Non-devolvable	Devolvable
001 Direction & administration	101 Welfare of handicapped
106 Correctional services	102 Child welfare
190 Assistance to public sector and other undertakings	103 Women's welfare
	104 Welfare of aged, infirm and destitute
	105 Prohibition
	107 Assistance to voluntary organisations
	200 Other programmes
	800 Other expenditure

Social Security and Welfare/ Other Social Security and Welfare Programmes (2235/60)	
Non-devolvable	Devolvable
104 Deposit linked insurance scheme	101 Personal accident insurance scheme for poor families
107 Swatantra sainik samman pension scheme	102 Pensions under social security Schemes
200 Other schemes	105 Government employees insurance Scheme
	800 Other expenditure

Social security and welfare is another issue where it is difficult to identify rural and urban components separately. Therefore, the subheads were categorised based either on judgement or on the demands under which they fell. For example, 105, which could be thought of as a non- devolvable item has been taken as devolvable because it falls under the demand dedicated for PRIs in MP.

Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes/Welfare of Scheduled Castes (2225/01)	
Non-devolvable	Devolvable
001 Direction & administration	102 Economic development
190 Assistance to public sector and other undertakings	277 Education
	800 Other expenditure

Because urban expenditures are not separated from rural expenditures, it was again difficult to categorize the subheads. Education (277) is one such example of it. The scholarships and stipends are given directly into the hands of beneficiaries and are meant mostly for higher education and for preparation of civil services. Still that has been taken as devolvable as it falls under the demands for PRIs in MP and Chhattisgarh.

Welfare of Scheduled Castes, Scheduled Tribes and Other
Backward Classes/Welfare of Scheduled Tribes (2225/02)

	Non-devolvable		Devolvable
001	Direction and administration	102	Economic development
190	Assistance to public sector & other undertakings	277	Education
		800	Other expenditure

In MP in one of the demands for Tribal area sub plan, there is a provision for a small amount of sum given into the hands of Gram Panchayat as an encouragement for the promotion of education.

Welfare of Scheduled Castes, Scheduled Tribes and Other
Backward Classes/Welfare of Backward Classes (2225/03)

	Not-devolvable		Devolvable
001	Direction & administration	277	Education
190	Assistance to public sector & other undertakings	800	Other expenditure

B: Devolved as a Percentage of Devolvable Expenditure for Selected Functions/States

Functions showing appreciable devolution of devolvable expenditure across states are further broken down by sub-heads to illustrate the percentages devolved. Functions are taken in the four categories shown in table 1: Livelihoods, Infrastructure, Health & Education, and Anti Poverty & Social Welfare. The breakdown by sub-heads is possible only for Madhya Pradesh and Chhattisgarh. Rajasthan consolidates all devolved expenditure under heads 196, 197 and 198, with the exclusion of general education (2202). Orissa shows no appreciable devolution under any head other than anti-poverty schemes.

Livelihoods

Heads	Functions	MP	CH	RJ	OR
2401	Crop husbandry	20.41	1.75	0.09	0.00
2402	Soil & water conservation	0.00	0.00	85.99	0.00
2702	Minor irrigation	56.31	8.54	9.52	0.00
2245(01)	Drought	0.00	0.00	0.00	0.00
2403	Animal husbandry	10.35	4.09	0.00	0.00
2405	Fisheries	24.70	35.28	26.73	0.00
2406(01)	Forestry	0.00	0.00	16.76	0.00
2851	Village & small industries	6.35	3.67	0.00	0.00

Crop Husbandry (2401)

Devolvable components	Madhya Pradesh		Chhattisgarh	
	Total (lakh)	Devolved (%)	Total (lakh)	Devolved (%)
102 Food grain crops	2891	24.55	1000	0.00
103 Seeds	1587	2.87	960	2.08
105 Manures and fertilizers	68	0.00	117	26.52
107 Plant protection	7	0.00	173	0.00
108 Commercial crops	4480	27.54	4851	2.27
119 Horticulture and vegetable crops	1962	67.13	1868	0.00
800 Other expenditures	7699	6.61	224	0.00
Total (including non devolvable)	36999	20.41	14527	1.75

Horticulture in MP has the maximum devolution of 67.13 percent followed by Commercial crops, food grain crops and other expenditure. These components in Chhattisgarh are at zero percent devolution except for the commercial crops where it is only 2.27 percent.

Chhattisgarh devolves 26.52 percent in manures and fertilizers but MP devolves nothing.

Minor Irrigation (2702)

Devolvable components	Madhya Pradesh		Chhattisgarh	
	Total (lakh)	Devolved (%)	Total (lakh)	Devolved (%)
01 (Surface water)				
101 Water tanks	530	36.28	156	0.00
Total (including non devolvable)	530	36.28	156	0.00
02 (Ground water)				
103 Tubewell	243	100.00	2706	12.27
Total (including non devolvable)	243	100.00	2706	12.27
03 (Maintenance)				
101 Water tanks	NA	NA	882	0.00
102 Lift irrigation schemes	NA	NA	72	0.00
103 Tubewell	NA	NA	71	0.00
Total (including non devolvable)	--	--	1025	0.00

Surface water that has only one component shows 36.28 percent devolution in MP, and 0 percent in Chhattisgarh. A huge difference is noted in ground water. There is 100 percent devolution seen in MP whereas it is only 12.27 percent in Chhattisgarh. However, the amount allocated for tubewells in Chhattisgarh is much bigger than that of MP implying that there is larger scope for local

groundwater management, once local devolution is completed in Chhattisgarh.

Fisheries (2405)				
Devolvable components	Madhya Pradesh		Chhattisgarh	
	Total (lakh)	Devolved (%)	Total (lakh)	Devolved (%)
101 Inland fisheries	1768	23.62	900	31.41
120 Fisheries cooperatives	154	29.15	11	92.38
800 Other expenditure	43	0.00	13	0.00
Total (including non devolvable)	2993	24.70	1160	35.28

Chhattisgarh leads MP in fisheries by 10 percent. Components show that cooperatives account for this difference in the aggregate. The absolute figures show that though the amount allocated for cooperatives in Chhattisgarh is far less than that in MP, almost the whole of it has been devolved to give a percentage figure as close to 92.38 percent leaving behind MP with only 29.15 percent.

Chhattisgarh is ahead of MP in inland fisheries also. The allocated sum for MP is again bigger than that of Chhattisgarh, but the percentage devolved is just the reverse, it is 23.62 percent in MP and 31.41 percent in Chhattisgarh. No devolution is seen in other expenditure in both these states.

Animal Husbandry (2403)				
Devolvable components	Madhya Pradesh		Chhattisgarh	
	Total (lakh)	Devolved (%)	Total (lakh)	Devolved (%)
101 Veterinary services and animal health	772	48.72	252	49.73
102 Cattle and buffalo development	5952	7.93	5025	3.03
103 Poultry development	728	0.00	696	0.00
104 Sheep and wool development	182	0.00	32	0.00
105 Piggery development	79	0.00	123	0.00
106 Other live stock development	59	0.00	168	0.00
107 Fodder and feed development	174	0.00	41	0.00
800 Other expenditure	908	0.00	910	0.00
Total (including non devolvable)	19685	10.35	11522	4.09

Veterinary services show equivalent devolution across states, yet because the funding provision for this is much higher in MP as a percent of the aggregate devolvable, the total devolved percentage is higher in MP.

Village & Small Industries (2851)				
Devolvable components	Madhya Pradesh		Chhattisgarh	
	Total (lakh)	Devolved (%)	Total (lakh)	Devolved (%)
102 Small scale industries	1799	0.00	502	0.00
103 Handloom industries	768	0.35	203	0.00
104 Handicraft industries	798	0.00	482	0.00
105 Khadi industries	902	0.00	721	0.00
107 Sericulture industries	1851	14.82	1986	6.55
110 Cooperatives	574	43.50	196	19.12
200 Other village industries	1604	0.00	469	0.00
Total (including non devolvable)	10016	6.35	4647	3.67

Cooperatives and sericulture are the only components showing some devolution in both states.

Infrastructure

Heads	Functions	MP	CH	RJ	OR
2215 (01)	Water supply	25.48	5.55	7.26	0.00
3054 (04)	District and other roads	0.00	0.00	0.0006	10.42

No devolution in roads and bridges here means that the responsibility for the maintenance of rural roads, and any funding under the PMGSY for maintenance of district rural roads, is not under panchayats but is under the control of the state rural roads development agency.

Water Supply and Sanitation/Water Supply (2215/01)				
Devolvable components	MP		Chhattisgarh	
	Total (lakh)	Devolved (%)	Total (lakh)	Devolved (%)
102 Rural water supply programs	9686	25.48	21446	5.55
Total (including non devolvable)	26210	25.48	29041	5.55

The only devolvable component found in water supply is the rural water supply program, which is far more devolved in MP than in Chhattisgarh.

Health and Education

Heads	Functions	MP	CH	RJ	OR
2202 (01)	Elementary education	12.23	31.45	34.55	0.00
2202 (04)	Adult education	0.00	0.00	0.00	4.44
2210 (03, 04, 06)	Rural and public health	0.00	1.27	0.00005	0.00

General Education/ Elementary Education (2202/01)

Devolvable components	MP		CH		RJ	
	Total (lakh)	Devolved (%)	Total (lakh)	Devolved (%)	Total (lakh)	Devolved (%)
101 Government primary schools	202023.49	3.18	77134.28	24.24	132429	0.00
102 Assistance to non government primary schools	2375.83	0.00	749.90	0.00	3105	0.00
103 Assistance to local bodies for primary education	21262.00	100.00	8800.00	100.00	101667	90.96
105 Non formal education	NA	NA	90.00	0.00	26617	0.00
108 Text books	620.39	0.00	103.00	1.94	NA	NA
800 Other Expenditure	NA	NA	556.25	0.00	3228	0.00
Total (including non devolvable)	229743	12.23	90719	31.45	291397	34.55

This is the only four-digit budget head with a separate sub-head (103) for assistance to local bodies for primary education. Thus, the amounts devolved under this head are visible even for Rajasthan. Even under this budget sub-head, no funds are transferred in Orissa.

Anti Poverty, Social Welfare

The eight programs included under this section target mostly for the rural development and rural employment to combat the serious poverty issues prevailing in our country. The other welfare programmes apart from family welfare include social security and welfare, and welfare funding for SC, ST and OBCs as shown in what follows.

Heads	Functions	MP	CH	RJ	OR
2501	Special programs for rural development	86.16	73.53	99.90	100.00
2515	Other rural development programs	94.33	85.72	99.29	100.00
2505	Rural employment	100.00	100.00	100.00	96.50
2216 (03)	Rural housing	100.00	100.00	0.00	0.00
2211	Family welfare	0.00	0.00	0.00	0.00
2236 (02)	Distribution of nutrition	13.38	0.48	0.00005	0.00
2235 (02, 60)	Social security & welfare	41.99	41.72	1.25	0.00
2225	Welfare of SC, ST & OBC	24.41	0.89	8.71	0.00

Devolution is high by Central direction across all four states. Rural housing also shows 100 percent devolution in both MP and Chhattisgarh because of the dedicated demands and full grant-in-aid under Indira Awas Yojana. The sub-head constituents of the other functions are shown below.

Nutrition/ Distribution of Nutritious Food and Beverages (2236/02)					
		Madhya Pradesh		Chhattisgarh	
Devolvable components		Total (lakh)	Devolved (%)	Total (lakh)	Devolved (%)
101	Special nutrition programme	33855	13.38	20998	0.48
Total (including non devolvable)		33855	13.38	20998	0.48

There is no appreciable devolution of expenditure, as might have been expected for the welfare of rural women and children.

Social Security and Welfare				
Devolvable components	Madhya Pradesh		Chhattisgarh	
	Total (lakh)	Devolved (%)	Total (lakh)	Devolved (%)
Social Welfare (02)				
101 Welfare of handicapped	878	7.48	662	0.00
102 Child welfare	24003	0.0021	10452	0.10
103 Women's welfare	2149	8.01	807	9.23
104 Welfare of aged, infirm and destitute	15	0.00	NA	NA
105 Prohibition	30	0.00	41	0.00
107 Assistance to voluntary org.	221	0.00	203	1.97
200 Other Programmes	399	10.33	158	0.00
800 Other expenditure	616	0.00	319	0.00
Total (including non devolvable)	30469	0.99	13414	0.71
Other social security (60)				
101 Personal accident insurance scheme for poor families	140	100.00	NA	NA
102 Pensions under social security schemes	19864	100.00	8900	100.00
105 Government employees insurance scheme	4	100.00	NA	NA
800 Other expenditure	1	100.00	1	0.00
Total (including non devolvable)	20037	100.00	8925	99.98

Social security is highly devolved, dominated by old age pensions in both states. The social welfare component is equivalently dominated by the large provision for child welfare, which is not devolved at all.

Welfare of SC, ST and OBCs				
Devolvable components	Madhya Pradesh		Chhattisgarh	
	Total (lakh)	Devolved (%)	Total (lakh)	Devolved (%)
Welfare of SC (01)				
102 Economic development	1213	92.91	677	66.61
277 Education	24454	40.69	1991	0.00
800 Other expenditure	6746	0.00015	820	0.30
Total (including non devolvable)	33493	34.18	3675	13.00
Welfare of ST (02)				
102 Economic development	181	0.00	4631	0.00
277 Education	22367	31.74	41827	0.06
794 Special central assistance for tribal sub plan	5756	0.00	NA	NA
800 Other expenditure	2990	0.00	924	0.00
Total (including non devolvable)	33549	22.69	48887	0.05
Welfare of Backward Classes (03)				
277 Education	10346	0.00	2579	0.00
800 Other expenditure	406	0.00	239	0.00
Total (including non devolvable)	11041	0.00	2817	0.00

In the first two categories, the degree of devolution in Madhya Pradesh is far ahead of Chhattisgarh.